

JAMES M. AVERY
Direct Dial: 617/856-8112
E-Mail: javery@brownrudnick.com

One
Financial
Center
Boston
Massachusetts
02111
tel 617.856.8200
fax 617.856.8201

September 30, 2005

HAND DELIVER

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: The Berkshire Gas Company - D.T.E. 01-106-B

Dear Secretary Cottrell:

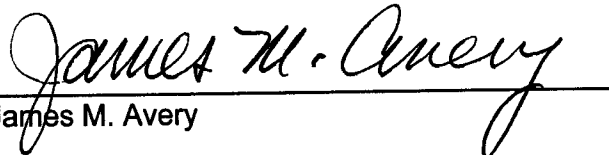
Enclosed please find an original and eight (8) copies of the Supplemental Comments of The Berkshire Gas Company to the Department of Telecommunications and Energy for filing in the above-referenced proceeding. This response is also being submitted electronically.

Please call me if you require further assistance with respect to this matter.

Thank you for your consideration.

Very truly yours,

BROWN RUDNICK BERLACK ISRAELS LLP

By: 
James M. Avery

JMA/cdw

Enclosure

cc: Jeannie Voveris, Senior Counsel (w/enc via hand delivery)
Jennifer M. Boucher, Supervisor - Rates and Planning (w/enc)
Service List (w/enc)

1387876 v1 - AVERYJM - 070652/0012

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

D.T.E. 01-106-B

**Investigation by the Department of Telecommunications and Energy on
its Own Motion, Pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76, to Increase the
Participation Rate for Discounted Electric, Gas and Telephone Service**

Supplemental Comments of The Berkshire Gas Company

September 30, 2005

The Berkshire Gas Company ("Berkshire" or the "Company") appreciates this opportunity to offer supplemental comments on the issue of establishing an alternative cost recovery mechanism to recover any revenue shortfall associated with the low-income discount rates. The Company has long been committed to implementing proactive steps to secure benefits for its valued low-income customers, and has worked cooperatively with the Executive Office of Health and Human Services ("EOHHS") to facilitate the execution of the computer-matching program. The Company recognizes that the recent volatility in the energy markets affects all customers and the Company has worked even more actively to assist its low-income customers.

By way of background, on August 8, 2003, the Department of Telecommunications and Energy ("Department") issued an Order establishing a computer-matching program for electric distribution companies and local gas distribution companies to facilitate the enrollment of eligible customers in utility discount rate programs. Investigation re: Discount Program Participation Rate, D.T.E. 01-106-A. On August 28, 2003, the NSTAR companies filed a motion to reconsider, or, in the alternative, to clarify certain issues related to the timing of the implementation of the computer-matching program established by the Department's Order ("Motion"). In its Order regarding the Motion, the Department held that "distribution companies may incur a decrease in revenues from increased participation in discount rates once the computer-matching program begins Therefore, until a Company's next rate case, the

electric and gas companies may recover revenues lost as a result of the low-income subsidy in their next reconciliation filing for electric companies or local distribution adjustment factor filing for gas companies.” D.T.E. 01-106-B, at 8-9 (2004).

Subsequently, on August 16, 2005, Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company (together, “NStar Electric”), in compliance with D.T.E. 01-106-B, filed proposed tariffs, M.D.T.E. Nos. 110, 210 and 310 with an effective date of September 1, 2005, which would allow the recovery of costs related to the low-income discount rate computer-matching program. The filing was docketed as D.T.E. 05-55. On July 25, 2005, Massachusetts Electric Company and Nantucket Electric Company (together, “MECO”) filed a similar proposed tariff, M.D.T.E. No. 1086 with an effective date of September 1, 2005. The filing was docketed as D.T.E. 05-56. The Department suspended all of the tariffs until November 1, 2005, and, in order to establish a uniform cost recovery mechanism for all electric and gas distribution companies, consolidated the investigation of D.T.E. 05-55 and D.T.E. 05-56 with its investigation of electric and gas distribution company compliance with the directives contained in D.T.E. 01-106-B.

The Department held a public hearing on September 16, 2005, in dockets D.T.E. 01-106-B, D.T.E. 05-55; and D.T.E. 05-56. Following the public hearing, the Department held a technical session with the electric and gas distribution companies and other interested person to discuss the various elements of the proposed cost-recovery tariffs. Berkshire has reviewed the alternative cost recovery mechanism developed at the technical session and generally supports its implementation. Specifically, the Company agrees that the Residential Assistance Adjustment Factor (“RAAF”) should be a separate tariff established to collect the revenue shortfall associated with the incremental increase in the low-income rate enrollment in excess of the low-income discount collected through base rates during the “Baseline Period” that is defined as the twelve-month period ending June 30, 2005. Further, the Company concurs that the RAAF should be calculated on a prospective basis and contain a reconciliation provision

whereby any over- or under-recovery will be reconciled in the following year. Accordingly, the Company shall be submitting for approval a Residential Assistance Adjustment Clause tariff to the Department in similar form with an effective date of November 1, 2005.